

Freeport Police Pension Fund
Board of Trustees
Regular Meeting on October 24, 2017
City Hall Conference Room

President Tom Dyra called the meeting to order at 11:02 A.M. Other members in attendance were Linda Buss, Bryan Politsch, Chris Shenberger and Jeff Williams. Also in attendance was Michael Spychalski of Marquette Associates.

There were no Public Comments.

Michael Spychalski of Marquette updated the board on the markets and economic climate. He reported that the U. S. Equity market was solid in September. S&P was up 2%, and up 14.2% year-to-date. Up 19% for the trailing 12 months. Small caps in particular had a great September. They were up 7.1%.

In the Non-U.S. equity market, emerging markets were up 27.8% year-to-date thus far. The increases were driven by solid earnings in both U.S. and International markets. Fixed income was much more moderate.

The portfolio as of September 30th is near policy targets. They would suggest some rebalancing. A motion was made by Buss to move \$95,000 from Vanguard S&P to Mesirow. In addition, move \$140,000 from Dodge & Cox and \$80,000 from Franklin International, both to Mesirow. That motion was seconded by Williams. In a roll call vote Dyra, Williams, Shenberger, Buss and Politsch all voted yea. There were no nays. The motion carried 5 – 0.

September 30 results show us that we are at a new high water mark for the fund at 23.3 million of funds under management. Our cash flow analysis shows that we continue to make more in our investment earnings than what our expenditures are. At two years our net investment change is a positive \$4,190,860 versus our net cash flows of \$1,329,697. At three years our net investment change is a positive \$3,748,526 versus our net cash flows of \$2,195,579.

Segall Bryant beat their benchmark 6.2 versus 5.7 year-to-date but at the one year mark tracked at 15.7 versus 20.5. This is because they are underweighted to small caps and small caps did so well of recent.

Our international portion is driving our portfolio at 24.4 versus the benchmark of 21.9. Franklin International was the star at 32.2 versus 23.9. We had them on alert earlier in the year but they are doing well now. Dodge and Cox finished 22.5 versus 21.1 year-to-date.

Individual manager year-to-date results versus their benchmarks were:

Mesirow	2.0 vs 2.3
Dodge & Cox	22.5 vs 21.1
Franklin International	32.2 vs 23.9
PIMCO	10.5 vs 1.4
Principal U.S. Property Acct	7.2 vs 5.3

The performance results were:

	3rd Qtr.	1 YR	2 YRS	7 YRS
Total Fund	10.8	11.6	9.7	7.5
Benchmark	9.8	10.3	10.0	7.3
Fixed Income	2.0	-0.2	1.8	2.2
Benchmark	2.3	0.2	1.9	2.3

U.S. Equities	12.7	17.1	14.1	12.8
Benchmark	13.7	18.9	17.1	14.3
International Equities	24.4	27.6	15.8	7.9
Benchmark	21.9	20.1	15.1	5.9
Alternative Assets Composite	10.5	10.2	11.9	-
Benchmark	1.4	-0.1	2.3	-
Real Estate Composite	7.2	0.3	7.7	-
Benchmark	5.3	-0.6	6.8	-

There being no other questions or comments Spychalski left the meeting at 11:24 a.m.

Motion by Dyra to approve the July 26, 2017 regular meeting minutes. Seconded by Shenberger and the motion carried 5- 0.

Buss provided the Balance Sheets for July, August and September showing assets of \$23,373,668, \$23,247,554 and \$23,595,945 (our high water mark) respectively. A motion to approve the Treasurer's Reports as presented was made by Dyra, seconded by Williams and the motion carried 5 - 0.

Buss provided the bills showing expenditures for July, August and September 2017 of \$205,903.98, \$212,743.71 and \$204,993.54 respectively. A motion to approve the bills as presented was made by Williams, and seconded by Dyra. In a roll call vote, Dyra, Politsch, Shenberger, Williams and Buss all voted yea. There were no nays. And the motion carried 5 - 0.

There were no new applications for membership.

We received an application for pension benefits from Curt Coplien. He started with the department on July 15, 1991. He retired on September 14, 2017 with 26 years, 1 month and 29 days of service. His monthly pension benefit will be \$3,814.67. A motion to approve his application was made by Buss, seconded by Politsch. In a roll call vote, Dyra, Politsch, Shenberger, Williams and Buss all voted yea. There were no nays. And the motion carried 5 - 0.

There were no requests for Refund of Contributions.

A motion to approve the investment activity since the last meeting was made by Buss, seconded by Dyra. In a roll call vote, Dyra, Politsch, Shenberger, Williams and Buss all voted yea. There were no nays. And the motion carried 5 - 0.

Buss reported that she has contacted both of the medical providers that will be performing the Independent Medical Examination for William Carter and David McKee. The plan is to have them evaluated and the doctors' findings back to us to approve at the January 2018 meeting.

The board reviewed the tax levy report prepared by Art Tepfer of Tepfer Consulting Group. Tepfer's recommended request is \$2,294,337 based on Entry Age Normal Cost and incorporating GASB's 100% funding recommendation. Buss made a motion to approve Tepfer's report and place it on file which includes the Tax Levy Report and the Required Report to Municipality. Seconded by Politsch and the motion carried 5 - 0.

Williams made a motion to request the actuarially determined tax levy amount of \$2,294,337, direct President Dyra to sign the formal request letter to the Mayor and Council for said amount, and have Buss forward the request letter and the Required Report to the City. Seconded by Politsch. A roll call vote showed Dyra, Politsch, Shenberger, Williams and Buss all voting yea. There were no nays. The motion carried 5 - 0.

Buss presented the finalized Illinois Department of Insurance Annual Report for the period ended April 30, 2017. Buss prepared this report in conjunction with Lauterbach & Amen, our auditing firm. The report has been received and accepted by the DOI electronically. A motion by Shenberger to accept and place the report on file was made, seconded by Dyra and the motion carried 5 – 0. The board thanked Buss for the time and effort to complete this report in a timely manner.

Buss presented a spreadsheet showing retro pension that is owed to Blake Klosa who retired on May 5, 2017. The police contract was finally negotiated and he received retro pay from the City. This then changed the annual salary that his pension was calculated on. His pension retro pay was \$523.21. A motion to pay Klosa his retro pension was made by Williams, seconded by Buss. A roll call vote showed Dyra, Politsch, Shenberger, Williams and Buss all voting yea. There were no nays. The motion carried 5 – 0.

Buss reported that long time retiree Earl Marsh passed away. His last pension check had already been issued when he passed on August 27, 2017. His estate issued a refund to the pension fund of \$258.85.

The board approved the following dates for the 2018 calendar year: January 24, 2018, April 24, 2018, July 26, 2018 and October 24, 2018 with a motion by Dyra, seconded by Shenberger and the motion carried 5 – 0.

A motion was made by Shenberger to authorize Buss to sign the engagement letter at year-end with WIPFLI for their preparation of the 1099's. Seconded by Williams. A roll call vote showed Dyra, Politsch, Shenberger, Williams and Buss all voting yea. There were no nays. The motion carried 5 – 0.

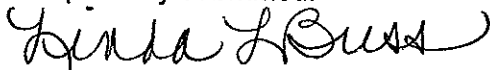
Buss reminded the members they need to make sure they get their 16 hours of mandatory pension training between 5/1 and 4/30. Dyra is registered for the November 3, 2017 meeting in Addison. The expenses for this seminar were approved at the July meeting. Dyra will still need to get 8 more hours of training. Williams is planning on taking the on-line IPPFA training. A motion to cover his expenses was made by Politsch, seconded by Dyra. . A roll call vote showed Dyra, Politsch, Shenberger, Williams and Buss all voting yea. There were no nays. The motion carried 5 – 0. Williams, too, will need another 8 hours.

There was no new business to discuss.

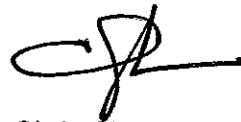
There were no public comments on non-agenda items.

There being no more business before the board, a motion to adjourn at 11:59 p.m. was made by Buss, seconded by Politsch and the motion carried 5 – 0.

Respectfully submitted:



Linda L. Buss
Treasurer



Chris Shenberger
Secretary